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Report Highlights: U.S. Competitors See Singapore as Gateway, ASEAN's Free Trade Area - Bridging The Gaps, AFTA Refresher and Update, Singapore Expo, Only One Year Old, Has Plans for Phase II Extension, and Singapore's Food Industry Related E-Commerce Takes Off.

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* Association of Southeast Asia Nations.

Members: Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia
the Philippines, Singapore, Thailand and Vietnam.

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U.S. COMPETITORS SEE SINGAPORE AS GATEWAY

New Zealand's Senior Trade Commissioner for Southeast East Asia: "Sitting behind our support for companies attending this show (Food and Hotel Asia 2000) is a two year integrated strategy aimed at helping New Zealand food and beverage exporters build a presence in Singapore, which is a stepping stone into Southeast Asia."

Agriculture and Agri-Food Canada: "Two Southeast Asia nations - the Philippines and Singapore- are listed as emerging markets deserving particular attention. Singapore offers easy access, first-world infrastructure and the region's highest incomes. Canadian export bodies have seen potential in high value products and using Singapore as a hub for re-exporting food to Asia.

Source: Independent Business Weekly (NZ), 19 Apr 2000, and Asia Pacific Food Industry, Mar 2000.

ASEAN'S FREE TRADE AREA - BRIDGING THE GAPS

Australian, New Zealand and ASEAN government representatives serving on the High Level Task Force on the AFTA-CER Free Trade Area held their second meeting April 27-28, in Queenstown, New Zealand. The purpose of the task force is to study the feasibility of the three parties forming a free trade area by 2010. The first meeting was held February 8-9, after a decision to undertake the study was made in October 1999. According to Australia's former Trade Minister Tim Fischer, the High Level Task Force has agreed that any free trade agreement signed should be comprehensive, covering all goods, services and investment, including technical barriers to trade.

This effort appears to be gaining momentum, as the ASEAN Chamber of Commerce and Industry, during meetings in Kuala Lumpur, the week of April 19, announced the establishment of a task force to study the benefits to accrue to the ASEAN should an ASEAN-CER linkage be established. It was noted that a linkage would create a market of 523 million people with a combined GDP of U.S. \$1.2 trillion. According to the Australian press, the Australian business community and Australian farm groups have already decided to support a linkage. New Zealand's Trade Negotiations Minister has stated, "I have no doubt that everyone would benefit from a closer economic partnership between the two regions through a higher level of economic activity, exports and real consumption." The free trade agreement that is currently being negotiated between Singapore and New Zealand is reported to be seen by both parties as a stepping stone towards a wider AFTA-CER agreement.

According to Indian Commerce and Industry Minister Murasoli Maran, India, Bangladesh, Sri Lanka, Burma and Thailand, in a meeting in New Delhi on April 27, agreed to form an inter-government group to prepare a concept paper on the development of a free trade area. The concept paper is to be completed within six months. Maran noted that such an initiative would act as a bridge linking India to ASEAN. One can question if anything will ever materialize from this venture. However, it makes for interesting speculation and is one additional indication that the South Asia trade landscape could look significantly different in the not too distant future.

Source: ATO Singapore

AFTA REFRESHER AND UPDATE

ASEAN members agreed in December 1998 to move forward full implementation of the ASEAN Free Trade Area (AFTA) from 2003 to 2002. This means that 100 percent of those items included in each members Inclusion List will have their tariffs reduced to 0-5 percent for internal ASEAN trade. Items/products on the inclusion lists are those scheduled for tariff reduction, removal of quantitative restrictions and non-tariff barriers.

ASEAN members have established four tariff lists applicable to AFTA: Inclusion, Temporary Exclusion, Sensitive and General Exception. Within the Inclusion List there are two ‘tracks.’

- The Inclusion List’s “fast track” tariff lines for the original six members (see table below) must be reduced to 0-5 percent by 2000. “Normal track” tariffs must be reduced to 0-5 percent by 2002.
- The Temporary Exclusion List tariff lines for the “original six” must be phased into the inclusion list by 2000 for most manufactured products and by 2003 for unprocessed agricultural products.
- The Sensitive List must be phased into the Inclusion List by 2001-2003 and reduced to 0-5 percent by 2010.
- The General Exception List tariff lines are permanently excluded from the reduction scheme for reasons of national security; protection of public morals and human, animal or plant life and health, and articles of artistic, historic and archaeological value.

Below are listed the number of tariff lines falling within the four lists for five of the original six members’ harmonized tariff codes for food and agricultural products, Chapters 1-24. They summarize members’ 1999 submissions. These were sourced from Barclay Consultants website at www.aseanone.com.sg. The tariff reduction scheme and tariff line phase in periods can be accessed on-line at this site for an annual subscription fee or the entire scheme can be purchased from the ASEAN Secretariat on CD ROM with order information provided at their website at www.aseansec.org.

	Inclusion		Temporary	Sensitive	General
	Normal	Fast	Exclusion		Exception
Brunei	874	45	0	14	55
Indonesia	-----currently not available ----- -----				
Malaysia	951	152	17	88	41
Philippines	906	40	104	60	0
Singapore	805	35	0	0	59
Thailand	968	72	27	7	0

Source: ATO Singapore

SINGAPORE EXPO, ONLY ONE YEAR OLD, HAS PLANS FOR PHASE TWO EXTENSION

The new Singapore Expo Center, the largest in Asia with 645,000 sq. ft. will eventually be expanded to include an additional 430,000 sq. ft. Food and Hotel Asia 2000, April 11-14, was the first show to use all the 645,000 sq. ft. The existing space will be insufficient for the coming CommunicAsia Show, requiring tents to be setup on the surrounding grounds. However, authorities do not anticipate breaking ground for Phase 2 for another 3-5 years, as most shows do not require the full facilities. Authorities expect annual growth in the facilities' usage will be 10-15 percent and direct economic spin-off to hit \$1 billion in five years.

Source: Business Times (Singapore), 11 Apr 2000

SINGAPORE'S FOOD INDUSTRY RELATED E-COMMERCE TAKES OFF

- Global Grocer, a Singapore based firm, has a new website (globalgrocer.com) providing recipes and food information and selling a wide range of foods, including hard to find ingredients, kitchen gadgets and utensils. Its homepage announces "Attention Expats! We offer 2,500 to 3,000 well known branded non-perishable grocery products from the United States for delivery almost anywhere. Our home delivery network allows you to place an order for all of your U.S. products in case quantities at a discounted price. This service offers shipping by air freight or ocean freight." The company's president says he is about to test in-store computer access to The Global Grocer.com at 5 TOPS Supermarket locations in Chiang Mai and Bangkok, Thailand. He asserts that this will allow customers to go into their favorite supermarket, do their shopping for local grocery products and access their online catalogue for international grocery products.

- Singapore Food Industries (SFI) launched an on-line supermarket in January, www.e-mart.com. It now claims a product range of 700 products, a customer base of 1,700 customers and more than \$150,000 per month in sales. SFI is now looking for joint-venture partners to set up similar services in Malaysia and Thailand by next year. In Singapore, its most popular buys are fruit and meats, direct imports, costing between 10-30 percent less than from shops. It organizes delivery schedules in 1-1/2 hour blocks in the morning, afternoon and evening to accommodate customers. Perishables are delivered in iceboxes.

- Freshdirect.com targets hard-core fresh produce eaters. Minimum orders are S\$30 and the delivery charge is S\$3, which is waived for orders above S\$50. Deliveries are made direct to customers who can reject the produce that doesn't meet their expectations in appearance or feel. Freshdirect orders its products from local Singapore wholesalers. Customers can order by the box or customize small orders. In addition to fresh fruit and vegetables, ready-to-eat salads can also be ordered.
- i-One-Food.com offers home or office deliveries of meals from more than 60 restaurants of all cuisines and types.
- Ifood.com provides online POS (point of sale) systems to cafes, restaurants, pubs, hotels and similar establishments on a monthly subscription basis, it hopes to act as a cooperative purchase house for subscribers on a just-in-time basis. The POS systems are computerized versions of cash registers that can turn out sales reports, including an outlet's top and worst selling items and even perform menu planning.
- Fast-Foods.net takes customers orders for Kentucky Fried Chicken, Pizza Hut, Edo Sushi, Domino's Pizza and Delifrance, and delivers to your doorstep. Efforts are underway to sign up more fast-food chains.
- FOODBEX.com offers electronic commerce to the food and beverage industry. It will act as a hyper-distributor offering F&B outlets a central hub to order supplies, thereby cutting down on the number of deliveries an outlet must receive each day. Its logistics are handled by Trans-Link Express. They have an ambitious goal of beginning to set up joint ventures in the major cities of the region, starting with Kuala Lumpur in Malaysia..
- Coldstorage.com offers about 2,000 products that can be viewed and ordered over its internet site which includes a wine cellar. It is affiliated with the Cold Storage Supermarket chain owned by Dairy Farm International.

- NTUC FairPrice Cooperative Ltd is the leading retailer in Singapore, with 76 stores throughout the island. [Their cybermart at Ntuc-fairprice.org](http://Ntuc-fairprice.org) requires a minimum purchase of Singapore \$50.00 before they can deliver.

- E-WineAsia.com claims to be Singapore's most comprehensive online wine shop for connoisseurs and beginners alike. Whether you are looking for New World wines or Old World wines, they offer a wide selection of red, white and sparkling wines. In Singapore they offer to bring your wine tastings, wine and dine dinners; corkscrews; wine openers; wine accessories; wine glasses; wine fridges; wine cellars; wine art and wine books online.

Source: ATO Singapore

STARBUCKS, COFFEE WORLD AND THE ASEAN

The battle for the Southeast Asia coffee market is perhaps no where keener than in Thailand. U.S.-based Coffee World has announced plans to set-up 15 new outlets in Bangkok and Starbucks has announced it will double its outlets this year to 20. Starbucks is aiming at a greater role in the Asian market by setting up a coffee roasting plant in Southeast Asia to replace imports from its Seattle-based plant. The Philippines has been noted as a possible site.

Source: The Nation (Bangkok) Jan 2000.

END OF REPORT